

CAPITAL COMMITTEE

December 4, 2014

MEETING AGENDA

9:00 A.M.

125 Worth Street, Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES November 6, 2014 Emily A. Youssouf
- SENIOR ASSISTANT VICE PRESIDENT'S REPORT Roslyn Weinstein

ACTION ITEMS

- **Resolution** Chris Constantino
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year lease extension agreement with LSS Leasing Limited Liability Company (the "Landlord") for 5,120 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Women's Medical Center (the "Center"), operated by Elmhurst Hospital Center (the "Facility") at an initial rent of \$225,280 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year for a five year total of \$1,190,079.
- **Resolution** Chris Constantino
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Overtenant") to execute a five year sublease agreement with Pediatric Specialties of Queens (the "Subtenant") for 2,560 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Subtenant's pediatric program at an initial rent of \$112,640 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year for a five year total of \$595,040.

INFORMATION ITEMS

- **Project Status Reports**
South Manhattan Health Network Michael Rawlings
 - Bellevue Hospital Center: Day Care Center Playground
 - Bellevue Hospital Center: C&D Bldg. Elevator Controls Upgrade
- **Energy Projects Update** Cyril Toussaint

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

November 6, 2014

MINUTES

Capital Committee

Meeting Date: November 6, 2014

Time: 11:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Emily A. Youssouf, Chair

Josephine Bolus, RN

Antonio Martin – Executive Vice President (representing Ramanathan Raju, MD, President, in a voting capacity)

Other Board Members

Vincent Calamia, MD

HHC Staff:

Jawwad Ahmad – Director, Office of Facilities Development

Jeremy Berman – Deputy General Counsel, Office of Legal Affairs

Deborah Cates – Chief of Staff, Office of the Chairman

Chris Constantino – Senior Vice President, Queens Health Network

Ricardo Corrales – Woodhull Medical Center

Ruby Cruz – Assistant Director, Office of Facilities Development

Manding Darboe – Assistant Director, Office of Facilities Development

Daniel Gadioma – Senior Project Manager, Kings County Hospital Center

Louis Iglhaut – Senior Director, Office of Facilities Development

Patricia Lockhart – Secretary to the Corporation, Office of the Chairman

Paulene Lok – Finance

Denise Lyman – Director, Office of Facilities Development

Randall Mark – Chief of Staff, Office of the President

Shelley Mathur – Coordinating Manger, Office of Facilities Development

Matthew McDevitt – Associate Executive Director, Gouverneur Healthcare Services

Kathleen McGrath – Senior Director, Communication and Marketing

Dean Moskos – Director, Office of Facilities Development

Lynnette Sainbert – Assistant Director, Chairman's Office

Harold Schnieder – Senior Associate Director, Elmhurst Hospital Center

Lisa Scott-McKenzie – Network Deputy Executive Director, Central/North Brooklyn Health Network

Martha Sullivan – Executive Director, Gouverneur Healthcare Services

Ksenjia Vukoz-Drazevic – Senior Associate Director, Queens Hospital Center

Roslyn Weinstein – Senior Assistant Vice President, President's Office

Dion Wilson – Assistant Director, Office of Facilities Development

Elizabeth Youngbar – Assistant Director, Office of Facilities Development

Frank Zanghi – Audit Manager, Office of Internal Audits

Other Attendees:

Steve Curro – Managing Director, Construction, Dormitory Authority of the State of New York

Al Marino – Executive Director, Interboro Regional Health Information Organization

John Pasicznyk – Managing Director, Downstate Operations, Dormitory Authority of the State of New York

Kristyn Raffaele – New York City Office of Management and Budget

Dhrunee Woodroffe – New York City Office of Management and Budget

CALL TO ORDER

The meeting was called to order by Emily A. Youssef, Chair of the Capital Committee, at 11:08 A.M.

On motion, the Committee voted to adopt the minutes of the October 2, 2014, Capital Committee meeting.

SENIOR ASSISTANT VICE PRESIDENT'S REPORT

Roslyn Weinstein, Senior Assistant Vice President, Office of the President, announced that Peter Lynch, former Assistant Vice President, Office of Facilities Development, had retired. She noted that he had expressed great pleasure at the work he had been a part of and the impact he hoped to have made. Ms. Weinstein introduced Louis Iglhaut as the Acting Assistant Vice President, Office of Facilities Development. She said she was thrilled to have him by her side and wished him the best. Committee members welcomed Mr. Iglhaut.

Ms. Weinstein explained that there had been two real estate agreements on the draft agenda but at the request of the Committee Chair, some additional negotiating would be attempted and those resolutions would hopefully be brought before the Committee at the December meeting instead. She made note that the resolutions were scheduled to be presented, as requested, ahead of expiration, and they would be coming back slightly closer to that expiration date.

Ms. Weinstein advised that the meeting agenda would include a license agreement with the Regional Health Information Organization (RHIO), for space at Elmhurst Hospital Center, as well as a resolution for a one year extension of six Construction Management contracts, to maintain continuity as an anticipated Project Labor Agreement (PLA) was being drafted. Both items would include power point presentations to provide supporting information.

Ms. Weinstein said that an update would be provided on the major modernization project at Gouverneur Healthcare Services, but noted that project budget amounts had been fluctuating, and she wanted to preliminarily note that while the project budget for DASNY has been reported as \$247.1 million excluding "added dollars", the Capital Committee should know that the total project budget was \$251 million, including in-kind support, Certificate of Need (CON) fees, decontamination, and other outliers. The total cost was \$251 million, as seen in the included budget page, which was first presented in January, 2014.

Ms. Weinstein assured that reporting would be more transparent or understandable when construction costs were discussed.

Ms. Youssef thanked Ms. Weinstein and explained that previous reporting had not been all inclusive, as a construction project should be. She stated that she wanted every piece included, all project related items.

That concluded Ms. Weinstein's report.

ACTION ITEMS

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable five-year license agreement with the Interboro Regional Health Information Organization (the "RHIO") for its continued use and occupancy of approximately 575 square feet of space on the third and fifth floors of the Annex "G" Building at Elmhurst Hospital Center (the "Facility") to provide technical and administrative services to the RHIO in which most of the Corporation's hospitals are participants with the occupancy fee waived as an in-kind contribution to the RHIO.**

Chris Constantino, Senior Vice President, Queens Health Network, read the resolution into the record. Mr. Constantino was joined by Al Marino, Executive Director, Interboro Regional Health Information Organization.

Mr. Marino narrated a power point presentation outlining what the RHIO does and its origins. He explained that the Organization was born out of work and learning at Elmhurst Hospital Center and throughout HHC around implementing Electronic Medical Records (EMR) and how that could help coordinate care across venues, and providers and how those tools could be used to drive improvements in healthcare quality and safety while reducing costs. He said that their mission was to take that learning and expand beyond the hospital walls.

Ms. Youssouf asked if this was in response to any mandates. Mr. Marino said that the program grew out of Healthcare Efficiency Accountability Law (HEAL) grant projects. There was a State regulation issued in September, 2014, that will eventually require all State regulated organizations to participate.

The goal of the organization is to improve health care quality and safety and reduce costs, develop a health information infrastructure which facilitates the exchange of patient health information among disparate clinicians, provides access to the information necessary to guide clinical decisions and care coordination, and, to promote a system that follows the health care consumer so they are the center of their care.

Antonio Martin, Executive Vice President, asked if pharmacies are tied into the system. Mr. Marino said not yet.

Josephine Bolus, RN, asked if interfacing with small private practice groups would be possible. Mr. Marino said that was possible and that a few were already members. He noted that as part of the State initiative more and more parties would be involved. Mrs. Bolus asked if the private practices would benefit in any way. Mr. Marino said that they would see benefits in care coordination and readily accessible information. She asked if HHC offset costs or if these small groups would have to spend money to participate. Mr. Constantino explained that grants covered certain costs and HHC had subsidized some of the smaller organizations. Mr. Marino added that there were State initiatives to provide funds for purchasing of systems, and if meaningful use was shown then there would be an increase in ability to solicit additional funds.

Mr. Marino advised that organizational members included most HHC acute care hospitals, over 300 small community practices (through heal grant) and others providers. Data is being collected from a number of sources.

Ms. Youssouf asked if the eventual goal was to have everyone on one Network. Mr. Constantino explained that the eventual goal is to place all the data from the various RHIOs into one place so that the information is available in one place. Mrs. Bolus asked how many RHIOs there were. Mr. Marino said there were 11, and at present, each of those was working on building up their data bank. It was anticipated that by mid-2015 the various RHIOs would link together.

Ms. Youssouf asked if every tri-state hospital was in a RHIO. Mr. Marino said the goal was to get everybody in but it wasn't there yet. He said that the majority of New York City was covered but a few had not joined yet. Mrs. Bolus asked how many RHIOs were in the City. Mr. Marino said three in the Downstate area. The big piece will come this year when all the RHIOs were linked.

Mrs. Bolus asked if there would be difficulty interfacing with different systems. Mr. Marino said the Organization was working on that and it was not anticipated to be an issue. It was still developing but there should be very standard ways of sharing data.

Ms. Youssouf noted that cost savings would be another great benefit of the program.

Mr. Marino outlined benefits; patient record look-up; real time access to patients' clinical data, records from multiple sources, and providing more complete picture of a patient's health. Benefits of the CCD Exchange would be the ability to query and retrieve documents from within a provider's EMR. Benefits of event alerts; real time notification on: emergency department visits, inpatient admissions and discharges, and alerts to clinicians' e-mail and secure clinical mail box.

He added that future plans for the RHIO include; integration of all HHC Acute and D&TCs, expected support for DSRIP programs, cross RHIO exchange, cross RHIO event alerts, single sign-on, and care plan interface.

There being no further questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute one year extensions of existing agreements with six of the seven construction management services firms: Gilbane Building Company; HAKS; Hunter Roberts Construction Group; Jacobs Engineering; LiRo Program and Construction Management; and, TDX Construction Corporation (the "CMs"), to provide professional construction management services on an as-needed basis at various facilities throughout the Corporation at an additional aggregate not-to-exceed limit of \$2.5 Million.**

Louis Iglhaut, Acting Assistant Vice President, Office of Facilities Development, read the resolution into the record.

Ms. Youssouf asked for an explanation of the excel sheet in the package accompanying the resolution. Mr. Iglhaut explained that the document outlined the to-date usage of the firms for whom contract extension was being requested.

Ms. Youssouf asked why the threshold was set at \$2.5 million. Mr. Iglhaut explained that the original contract, for a three year term, was for \$6 million dollars, but being that the extension request was only for one year, the contract amount was adjusted accordingly.

Ms. Youssouf asked why extension was only being sought for six of the seven firms. Mr. Iglhaut advised that the seventh firm was never utilized and therefore the need for their services was not anticipated.

Ms. Youssouf asked why the term was being extended by a year. Mr. Iglhaut explained that a Project Labor Agreement (PLA) was being drafted and that would negate the need to issue a Request for Proposals (RFP) for new contracts. Mr. Iglhaut noted that Jeremy Berman, Deputy General Counsel, would be showing a power point presentation outlining Project Labor Agreements (PLAs) and how they are expected to benefit HHC.

Mr. Berman explained that Wick's Law, part of the NY State General Municipal Law dating from 1912, applied to public construction projects of more than \$3 Million, and required that four separate contracts be bid and let for each job: plumbing, electrical, HVAC and construction. This prevented the use of a general contractor from contracting for the entire job and subcontracting with the four trades, which makes coordinating construction jobs difficult. Fixed price jobs and jobs with fixed deadlines are impossible. These regulations make CM-at-Risk projects unlawful, which makes it difficult to coordinate construction jobs.

Additionally, Mr. Berman noted, all public jobs are also subject to prevailing wage requirements. Under NYS State Law, all public projects must pay construction workers "Prevailing Wages." Prevailing Wages substantially amount to Union Wages. All HHC construction Contracts require that Prevailing Wages are paid. HHC is responsible for ensuring that Prevailing Wages are paid, resulting in much policing and enforcement. That was an immense amount of additional work on the Office of Facilities Development, and a cost to projects that is rarely seen because it is a back office function.

Mr. Berman explained that recent changes to the Wicks Law exempt projects subject to a PLA. PLAs are made with the construction unions and subject the projects to be covered by union work rules. Non-union companies can work on the covered project but must follow the union work rules.

Some factors will remain neutral; 1) Wages under PLA jobs should not be higher than on Non-PLA jobs because Prevailing Wages must be paid regardless, and 2) HHC's bigger jobs tend to be Union jobs anyway, so there will be no stricter work rules under a PLA.

One slight negative effect is that work rules on Union jobs may add cost. Ms. Youssouf asked for an example. Mr. Berman explained that the length of a work day is dependent on how the union views the hours, and how overtime is decided, as well as how any disciplinary activities are monitored or handled.

Mrs. Bolus asked how Minority and Women Owned Business Enterprise (MWBE) thresholds would be maintained. Mr. Berman said that negotiations for the PLA should address that concern. He explained that PLAs had been drafted for other City agencies, so some common concerns have been hashed out by others ahead of HHC and therefore are known issues. It is a concern that PLAs minimize competition but these agreements are being drafted to address these concerns.

Some pros; 1) being able to give a single contract to a general contractor or a CM that will be responsible for the entire project may save between 20 – 30% due to greater efficiency and accountability; 2) most contractors will be Union shops who do the Prevailing Wage administration saving HHC cost and ensuring compliance with the law; 3) some contractors without the resources to do HHC work at Prevailing Wage will not bid; and, 4) with a single contract, HHC can negotiate for fixed prices and fixed construction schedules. Contractor disputes, wage issues, financing issues, etc., should not affect the course of HHC projects as these issues will be dealt with by the Construction Manager and/or Unions directly.

Mr. Berman explained that HHC was negotiating with the Building & Construction Trades Council on the terms of the PLA, and that negotiation was being coordinated with the City. The scope covered will include virtually all of HHC construction work, including Sandy Mitigation work. It was anticipated that the agreement would be complete by Spring of 2015. All parties were on board. Mr. Berman noted that HHC was lucky that others had gone down this road before us and we could learn from what others had already been through. So as other organizations prepare to renew agreements, HHC would get a solid start.

Ms. Youssouf expressed her excitement at the implementation of the PLA and how it would benefit the Corporation, and commended the team for working on it. Mrs. Bolus agreed, reiterating that maintenance of MWBE requirements be addressed.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

INFORMATION ITEMS

Gouverneur Healthcare Service Major Modernization Status Report

Martha Sullivan, Executive Director, Gouverneur Healthcare Services, Matthew McDevitt, Gouverneur Healthcare Services, John Pasicznyk, Managing Director, Downstate Operations, Dormitory Authority of the State of New York, and Steve Curro, Managing Director, Construction, Dormitory Authority of the State of New York, collectively provided the status report.

Mr. Curro advised that the project was 96% complete, as measured by construction in place as of 9/30/14. The new Ambulatory Care facility was occupied. In the existing facility: floors 2, 3, 4, 5, 6, 7, 8, 9, 12 and 13 had been completed and were occupied. Floors 10, and 11 received a New York City Department of Buildings (NYC DOB) Temporary Certificate of Occupancy (TCO) on October 17, 2014, the Department of Health (DOH) inspection was completed and floors were ready to be occupied. Floor 1 received a NYC DOB TCO on April 9, 2014, Multipurpose Room Public Assembly approval received on October 24, 2014, and the facility was working on obtaining approved FSP/EAP from FDNY.

Mr. Curro listed work completed after the 1st floor TCO; Multi-purpose room completed in May 2014; Exterior vertical granite and parking lot paving, in May 2014; Henry Street sidewalk replacement, in September 2014; Courtyard, in October 2014; and, the Low Roof in October 2014.

He stated that in Progress work included; Linde Gas, anticipated for completion in March 2015; Upgrade of Existing Five Elevators, July 2015 (1st elevator complete); and, Basement code compliance

work design had been completed and documents forward to Contractors for pricing, with responses expected by mid-November.

Mr. Curro noted that there had been a total of \$235,469,000 billed to date for the project, and there were \$10,043,000 remaining; \$6,966,000 for construction, and \$3,077,000 for soft costs and Furniture, Fixtures, and Equipment (FF&E).

Ms. Youssouf asked that when the project was complete the Committee be invited to visit the space.

Ms. Youssouf advised that delay reports would not be provided verbally but that documentation was included in the Capital Committee package.

There being no further business, the meeting was adjourned at 12:00 P.M.

LEASE AGREEMENT

**L.S.S. LEASING CORPORATION
59-17 JUNCTION BOULEVARD**

**QUEENS HEALTH NETWORK
WOMEN'S HEALTH SERVICE CENTER**

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year lease extension agreement with LSS Leasing Limited Liability Company (the "Landlord") for 5,120 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Women's Medical Center (the "Center"), operated by Elmhurst Hospital Center (the "Facility") at an initial rent of \$225,280 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year for a five year total of \$1,190,079.

WHEREAS, the Center is a community-based health care center that has been providing primary care services to residents of the Corona section of Queens since 1998; and

WHEREAS, the Center offers a full range of primary care services for women and children including prenatal care and gynecological services; and

WHEREAS, half of the leased premises have been and will continue to be occupied by a subtenant, Pediatrics Specialties of Queens, P.C. which will continue its arrangement of paying one half of all occupancy costs associated with the Center; and

WHEREAS, the proposed sublease with Pediatrics Specialties of Queens, P.C. will be the subject of a separate resolution presented to the Corporation's Capital Committee and Board for authorization; and

WHEREAS, there remains a need for primary care services in this section of Queens and extending the lease for this site will allow the Center to continue to serve the community.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute a five year lease extension agreement with LSS Leasing Limited Liability Company for 5,120 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Women's Medical Center, operated by Elmhurst Hospital Center at an initial rent of \$225,280 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year for a five year total of \$1,190,079.

**EXECUTIVE SUMMARY
QUEENS HEALTHCARE NETWORK
WOMEN'S MEDICAL CENTER
59-17 JUNCTION BOULEVARD
BOROUGH OF THE QUEENS**

OVERVIEW: The President seeks authorization from the Board of Directors of the Corporation to execute a lease extension agreement with LSS Leasing Limited Liability Company (the "Landlord") for space at 59-17 Junction Boulevard, Borough of Queens to house the Women's Medical Center (the "Center") operated by Elmhurst Hospital Center ("Elmhurst").

**NEED/
PROGRAM:** The Center is a community-based health care center that has been providing primary care services to residents of the Corona section of Queens since 1998. The Center offers a full range of primary care services for women and children including prenatal care and gynecological services. There remains a need for primary care services in this section of Queens and extending the lease for this site will allow the Center to continue to serve the community. Under a sublease agreement, Pediatric Specialties of Queens occupies approximately half the entire area leased and is responsible under the agreement for payment of half of the occupancy costs. The Center is open Monday through Friday 8:00 a.m. to 4:30 p.m.

UTILIZATION: For the FY 2014, the Center provided approximately 5,733 visits.

PRIOR TERMS: The Center has occupied the subject location under a lease dated April 6, 1999 and that commenced after landlord completed a build out of the space on January 17, 2000. The lease was for ten years and the Corporation held a five year option to renew the lease at 95% of fair market value. Rent escalated during the original and renewal term at approximately 3% during the initial term and by 2.5% during the renewal term. The rent currently paid at the space (including the portion covered by the subtenant) is \$194,595. The new base rent under the proposed lease described below will be approximately 16% over the prior base rent.

TERMS: The Tenant will continue to occupy approximately 5,120 square feet of ground floor space. The lease extension will include a five year term. The base rent will be \$225,280 per year or \$44 per square foot. The base rent will be escalated by 2.75% per year. The rent for this lease extension has been determined to be a fair market value rate. The rent will total \$1,190,079 over the five year lease extension term.

The Landlord will be responsible for structural repairs and maintenance and the repair and maintenance of all common areas including sidewalks, curbs and parking lots. The Tenant will be responsible for interior non-structural repairs and maintenance. The Tenant will be responsible for payment of separately metered utilities.

The Tenant will be responsible for the payment of its proportionate share of real estate tax increases above the 2014/15 base year.

SUMMARY OF ECONOMIC TERMS

SITE:	59-17 Junction Boulevard Queens, New York 11368 Block 1918, Lot 112
LANDLORD:	LSS Leasing Limited Liability Company 40 W. 57 th St. NY, NY 10019
TERM:	Five years
FLOOR AREA:	Approximately 5,120 square feet
BASE RENT:	\$44 per square foot or \$225,280 per year
ESCALATION:	2.75% per year
UTILITIES:	Tenant is responsible for payment for electricity, gas, and water and sewer rents
REAL ESTATE TAXES:	Tenant is responsible for payment of its proportionate share of real estate taxes increases above the 2014/15 base year.
REPAIRS/ MAINTENANCE:	The Landlord will be responsible for structural repairs and maintenance and the repair and maintenance of all common areas including sidewalks, curbs and parking lots. The Tenant will be responsible for interior non-structural repairs and maintenance.

SAVITT PARTNERS

October 22, 2014

Mr. Dion Wilson
Office of Facilities Development, Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, 10013

Re: Fair Market Value/Appraisal of Women's Health Service Center, 59-17 Junction Blvd., Queens, New York, a clinic operated by the Queens Health Network on behalf of Elmhurst Hospital Center of the NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, the referenced property was inspected on September 26, 2014 in order to assess its fair market value, specifically regarding the renewal terms presented by the LandLord, LSS Leasing LLC. This assessment is inclusive of the value of the Tenant improvements, CAM charges, if any, and real estate taxes and assumes that other operating expenses are directly procured by the Tenant unless indicated otherwise. This evaluation is subject to the following:

- The unit is currently occupied and zoned for use as a medical office.
- The lease expires 1/16/2015.
- The LandLord, in accordance with the terms of the original lease, has proposed a second, five year renewal term with 3.0% escalations per annum.
- The unit is approximately 5,120RSF.
- This evaluation is for the purpose of a lease renewal.

Medical offices in this area are typically situated in stand-alone buildings, retail "tax payers" used for various commercial purposes, ground floor spaces in residential buildings, or offices in commercial office buildings. Rents for turn-key (ready to use), general medical spaces pricing ranges from approximately \$30 -\$60 per rentable square foot with a median price of \$45/RSF. Older, retrofitted and side street medical spaces garner the lower rents with the larger mall-type spaces and newly constructed spaces commanding higher rents. These latter properties typically offer more amenities, i.e., on-site property management, parking, security, etc. Most of the opportunities for medical office space in these markets are for unimproved offices in small commercial buildings or retail sites, which will require extensive capital improvements.

Current market conditions for these types of spaces provide for minimal LandLord concessions. Additionally retail transactions do not provide for LandLord concessions other than rent abatements, which are not usually applicable in a renewal, although always negotiable. Most of the opportunities for medical office space in these markets are for undeveloped offices in commercial buildings or strip retail "taxpayers" where the Tenant will be offered few concessions by the LandLord despite market conditions denoting more of a "Tenant's market" .

Concessions are minimal and LandLords have traditionally been inflexible; preferring to see current market conditions dictate their flexibility. Rents in the commercial and retail markets within the Corona/Rego Park area have been flat for the past few years but have shown steady improvement over the last 18 months and this trend is expected to continue.

This requires that the Tenant improvements be provided greater weight as an overall factor in the assessment of the FMV rental due to the cost associated with relocation; relocating, or rebuilding with new construction, would entail an up-front expense of no less than \$70/RSF or approximately \$360,000.00 for construction for this specific Tenant's use. Despite possible lower rents opportunities in the same market area this expense cannot be appropriately amortized over the proposed renewal term of 10 years.

The referenced medical office is a retail Tenant user within the Junction Blvd./Queens Blvd. area AKA Lefrak City, in the Rego Park/Corona section of Queens comprising mostly of moderately priced one- and two-family houses and larger apartment buildings that are both rental and co-op units. The referenced medical office is a retail Tenant user occupying a store front on the southernmost portion of the building's ground floor located in a larger office building which houses commercial Tenants including a large occupancy and other NYC agencies accessed through the main lobby of the elevated building with a concierge/security desk. In addition to this retail space housing the women's practice, there is a drug store, deli, coffee shop and entrance to the below mentioned parking garage. The office is less than a minute away from the entrance to the LIE, a six minute walk to the subway and numerous bus routes can be accessed directly in front of the space on Junction Blvd. National franchises dot the local and surrounding streets including many clothing and consumer "big box" retailers which are located on the south side of the LIE just under a 10-minute walk from this location. Situated on the LIE's north side service road, there is street parking; however, street parking difficult since it competes with both the residential and commercial population, specifically during the typical work week. There is a major for fee three-story public parking facility at the building at posted rates, which at the time of our visit was heavily used.

The Tenant has signage on the main entrance door. Once entered, there are two Tenants occupying the space, each properly marked within a small glass vestibule directing the population to either the described Women's Health Service Center to the left, or to the subtenanted space, sublet by Pediatric Specialites of Queens, directly in front as the vestibule is entered. The spaces are clearly marked for each Tenant. The practice operates during posted hours on a Monday through Friday basis, no weekends. The office, including the sublet portion, is comprised of approximately 5,120 RSF on grade. There is no second floor or basement space available. Perimeter heat is supplied by the building with a supplemental HVAC system to provide cooling. There is no heat coil in the unit. The entrance and interior areas are accessible and compliant with the Americans with Disabilities Act. The office consists of the following:

- Waiting area with 14 chairs
- Reception/business area for 2-3 persons but occupied by one person at the time of the visit. The office and sublet space share the reception and business office area but operate independently.
 - 6 exam rooms with plumbing
 - 10 chair interior waiting area
 - Staff bathroom
 - Patient bathroom
 - Staff lounge with lockers
 - Supply closet
 - Electric closet
 - Telecom room
 - Janitor's closet
 - Medical records – large room with rolling file system shared with subtenant. Both practices have their own door into the space. Neither entrance is locked.
 - Sublet space – in addition to the shared business office area, the waiting area and the shared storage space, the rest of that unit was not viewed however it appeared to be maintained well.

The Tenant improvement (T.I., build out of the space) should remain in fair to good condition with continued proper maintenance through the five year renewal term. The space showed well and is kept well. The value of the original capital expenditure is estimated at \$70 per RSF, over and above the original LandLord improvements.

There does not appear to be any additional work required by Tenant from LandLord. However, while visiting the space, which as previously stated is in good condition, there is some concern regarding internal security provided by and maintained by Tenant. Specifically, the electronic door/lock from the waiting room into the clinical portion of the space was not functioning properly and should be repaired. In addition, the shared file room, used by both Tenant and subtenant, should have automatic locking mechanisms installed so that the space remains secure internally.

The renewal terms presented by the LandLord are commercially fair and reasonable based on this assessment, the condition of the space, LandLord's contribution & LandLord and Tenant's ongoing maintenance obligations. It is our conclusion that the fair market value of this space with the referenced services and amenities is between \$44 - \$46 per RSF. This takes into consideration comparable commercial/retail rents within the immediate market areas (see Schedule A attached) and the subsequent Tenant improvements of the space, as well as current availability for similar opportunities.

While it is our professional observation that the terms are fair and reasonable given current conditions and immediate vacancies within the surrounding areas, we would recommend further negotiations regarding the rent as it relates specifically on resetting the "tax stop" (base year) to the current 2014/2015 tax year. This would be fair and reasonable given the LandLord's rent proposal to market the space to current rental rates for "like kind space" which we consider

within market terms. Also, after a 15 year occupancy, it would be appropriate to request a small workletter to either repaint and/or repair certain areas that might enjoy an update. This could be traded for some free rent of approximately one month in lieu thereof.

In the event that I can be of any further assistance to you, please do not hesitate to call.

Thank You,

A handwritten signature in black ink, appearing to read "Michael E. Dubin". The signature is fluid and cursive, with a prominent initial "M".

Michael E. Dubin
Partner

Schedule A – Comparables

<i>Property</i>	<i>Unit</i>	<i>Size</i>	<i>Price PS</i>	<i>Price Per annum</i>	<i>Price Per Month</i>	<i>Comments</i>
40-16 82nd Street	Retail	2,000	\$72.00	\$144,000.00	\$12,000.00	
89-25 Queens Blvd	Retail	3,750	\$120.00	\$450,000.00	\$37,500.00	
37-03 92nd Street	Retail	2,400	\$40.00	\$96,000.00	\$8,000.00	
78-14 Roosevelt Ave	Retail	3,000	\$60.00	\$180,000.00	\$15,000.00	
72-32 Broadway	Retail	1,500	\$130.00	\$195,000.00	\$16,250.00	
81-01 Broadway	Retail	2,150	\$60.00	\$129,000.00	\$10,750.00	
100 Queens Blvd	Retail	3,000	?	\$0.00	\$0.00	
8502 Queens Blvd	Retail	2,200	\$50.00	\$110,000.00	\$9,166.67	
8616 Queens blvd	Retail	2,100	\$50.00	\$105,000.00	\$8,750.00	
79-11 41st Avenue	Part 1st	1,100	\$48.00	\$52,800.00	\$4,400.00	
80-15 41st Avenue	P Ground	3,500	\$55.00	\$192,500.00	\$16,041.67	
40-16 82nd Street	3rd fl	2,000	\$42.00	\$84,000.00	\$7,000.00	
86 Broadway	Pt. 1st	4,000	\$40.00	\$160,000.00	\$13,333.33	NNN
75-21 Broadway	3rd fl	1,500	\$16.00	\$24,000.00	\$2,000.00	
78-21 Queens Blvd	2nd fl	5,500	\$14.00	\$77,000.00	\$6,416.67	NNN
	3rd fl	5,500	\$14.00	\$77,000.00	\$6,416.67	NNN
89-22 Queens Blvd	2nd fl	5,600	\$30.00	\$168,000.00	\$14,000.00	NNN
86-16 Queens Blvd	2nd fl	2,100	\$31.00	\$65,100.00	\$5,425.00	
118-35 Queens Blvd	3rd fl	11,000	\$35.00	\$385,000.00	\$32,083.33	
	4th fl	11,000	\$35.00	\$385,000.00	\$32,083.33	

ELMHURST HOSPITAL CENTER

Annual Operating P/L

Women's Medical Center

59-17 Junction Boulevard, Corona, NY 11368

Cost Center 6122-09

PERSONNEL SERVICES (P.S.)

TITLE	NAME	REIM. CODE	FTE	SALARY As of 9/20/14 PSER	ANNUAL BUDGET
Patient Care Assoc.	BABAYEVA, ROZ	IOXL	1.00	38,053	38,053
Patient Care Assoc.	KAZIYEVA, STE	IOXL	1.00	38,053	38,053
Public Health Nurse LV 1	SHARMA, TARAM	IYLR	1.00	81,579	81,579
Clerical Assoc. - LV IV	POON, MANG YI	IOXL	1.00	39,529	39,529
Assoc. NP- Lv. II	MADU, EDNAH	IOA1	0.20	109,893	21,979
Assoc. NP- Lv. II	YU-TANG, CHIN	IOA1	0.60	91,342	54,805
HHC PS			4.80		273,998
HHC F.B. @	55.33%				151,603
HHC PS + F.B.					425,601
Nurse Midwife	TBD VS Mary Sahota. (Various Midwife Covage currently)		1.00	\$103,882	103,882
Assistant Attending	Vanita Modi		0.30	\$139,276	41,783
AFFIL PS			1.300		145,665
AFFIL F.B @	22.39%				32,614
AFFIL Over Head	2.00%				3,566
AFFIL PS + F.B. + OH					181,845
TOTAL PS + F.B.			6.100		607,446

OTHER THAN PERSONNEL SERVICES (O.T.P.S.) - Vouched FY 14

NEC CODE	DESCRIPTION	BUDGET
490000	MEDICAL SURGICAL SUPPLY	857
510000	FOOD	111
560000	OFFICE/COMPUTER SUPPLY, PAPER	667
590000	NON-MED & NON-SURG SUPPLY	322
790000	PURCHASED SRVICES/ FACILITY PLANT MAINT SERVICES	15,160
860000	EMPLOYEE TRAVEL	48
950000	LEASE/RENT-BUILDINGS	225,280
973000	LEASE/RENT-NON-MED SUR	1,812
	TELEPHONE (\$50 X 12MO X 7.125 FTE)	4,275
	Dr. Villegas - sub lease / shared space (Half of LeFrak site rent is paid by Dr. Villegas)	(113,546)
OTPS		134,986
TOTAL DIRECT EXPENSES		\$742,432
	ANCILLARY/MED. SURG COSTS (\$15 per visit)	5,708
INDIRECT + ANCILLARY		\$85,620
TOTAL EXPENSES		\$828,052

REVENUE COLLECTIONS (BASED ON DATA GPS RUN FY14)

NEC CODE	Rate	VISITS/MEMBERS	Allocation	COLLECTIONS
FFS COLLECTIONS (Clinic Codes 231, 335, 454, 473, 488)		5,708		\$362,567
PRIMARY CARE CAPITATION		650		\$222,300
INPATIENT REVENUE CREDIT	84 Patients delivered at EHC FY13 (referred by clinic)	\$6,706.50	84	32% Credit (based on fixed) \$180,271
TOTAL COLLECTIONS				\$765,138
SURPLUS / (DEFICIT)				(\$62,914)

	FY 11	FY 12	FY 13	FY 14	FY14 vs FY11	FY14 vs FY11 as %
Total Clinic (OP) Visits	7,059	7,103	6,433	5,708	(1,351)	-19.1%
Total OBS Patients	168	135	142	133	(35)	-20.8%
# Patients who delivered at EHC	115	93	92	84	(31)	-27.0%
% of PTS who delivered at EHC	68%	69%	65%	63%		

NOTE: FY14 Deliveries are projected (63% applied to 133 OBS patients)

SUBLEASE AGREEMENT

59-17 JUNCTION BOULEVARD

PEDIATRIC SPECIALTIES OF QUEENS

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year sublease agreement with Pediatric Specialties of Queens (the "Subtenant") for 2,560 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Subtenant's pediatric program at an initial rent of \$112,640 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year but in no event less than half of all of the Corporation's occupancy costs at the premises.

WHEREAS, the Corporation has been operating a community-based health care center managed by Elmhurst Hospital Center at this location that has been providing primary care services to residents of the Corona section of Queens since 1998; and

WHEREAS, the Subtenant has been providing pediatric services at this site since the late 1990s and the Corporation and the Subtenant maintain separate and distinct medical practices at the site; and

WHEREAS, the Subtenant has subleased half of the space rented by the Corporation and has paid half of the Corporation's occupancy costs; and

WHEREAS, the Corporation proposes, pursuant to separate resolution, to renew and extend its lease for the premises and the Subtenant wishes to continue in occupancy of its half of the premises and to pay half the Corporation's occupancy costs for the entire premises under a sublease with the Corporation.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute a to execute a five year sublease agreement with Pediatric Specialties of Queens for 2,560 square feet of space at 59-17 Junction Boulevard, Borough of Queens, to house the Subtenant's pediatric program at an initial rent of \$112,640 per year or approximately \$44 per square foot to increase at a rate of 2.75% per year but in no event less than half of all of the Corporation's occupancy costs at the premises.

PROJECT STATUS REPORTS

South Manhattan Health Network

Project Status Reports
 (As of November 2014)

Network: SOUTH MANHATTAN HEALTHCARE NETWORK

Facility: BELLEVUE HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
11201003	Construct Day Care Center Playground	308	38	12.00%	Jun-14	Oct-14	Oct-14		Substantial Completion Issued 11/24/2014. Minor punch list ongoing. See the attached picture of the new playground in the Bellevue Park.
11201101	Elevator Controls Upgrade C&D Bldg.	1,327	394	30.00%	Apr-14	Dec-14	Mar-15	3	Schindler Elevator turned over the second of four elevator the week of October 27th. Both elevators in the C-Bank are completed. They are now currently working on one of the two remaining elevators in the D-Bank. Project on target for a completion date during the first quarter of 2015. See the attached picture of the new C-11 elevator.

ENERGY PROJECTS UPDATE

OFFICE OF FACILITIES DEVELOPMENT

HHC Capital Committee

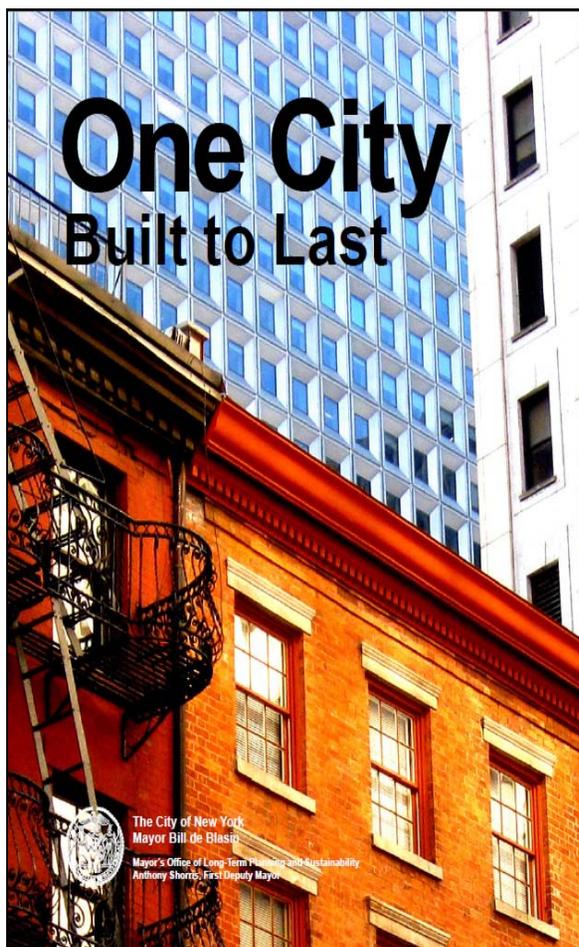
Energy Projects' Update

December 4, 2014

Time: 9:00 a.m.

Location: 125 Worth Street,
5th Floor Board Room

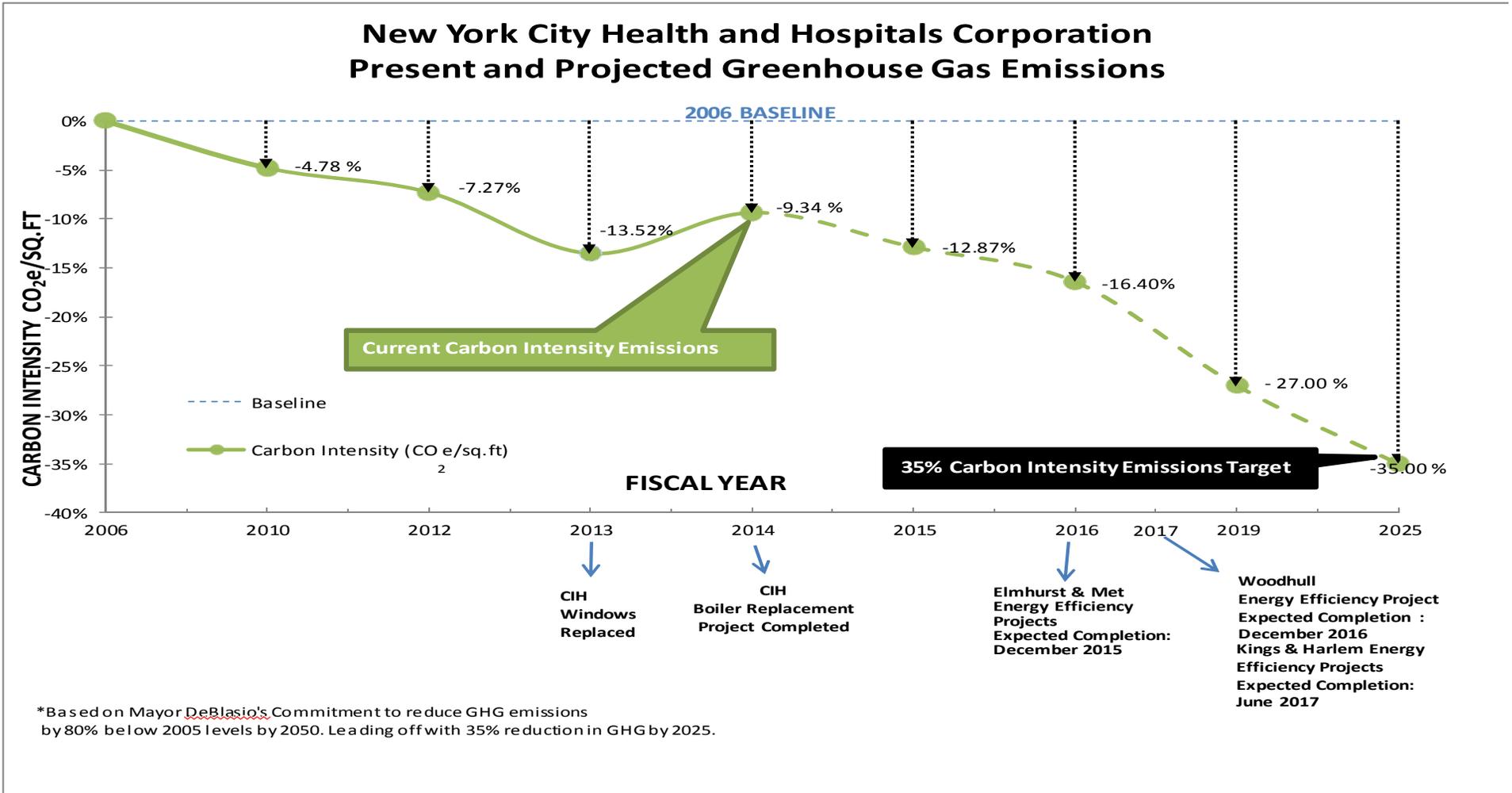
ONE CITY: BUILT TO LAST



- ❖ **In September 2014, New York City committed to reduce citywide greenhouse gas (GHG) emissions 80% below 2005 levels by 2050.**
- ❖ **To put NYC on a pathway towards the 80 by 50 goal, the City released a comprehensive, 10-year plan called “One City: Built to Last”.**
- ❖ **The plan sets interim target to reduce GHG emissions by 35% from 2005 levels by 2025.**
- ❖ **One City: Built to Last extends on PlaNYC that was launched in 2007. PlaNYC’s initial target was to reduce citywide GHG emissions 30% by 2030.**

CARBON INTENSITY (CO₂e) GOAL of ENERGY MASTER PLAN (EMP)

To Reduce Greenhouse Gas (GHG) emissions 35% by 2025 from 2006 level*



GOALS OF ENERGY MASTER PLAN

- ❖ **Increase energy efficiency and conservation.**
- ❖ **Decrease energy consumption.**
- ❖ **Reduce peak demand.**

Action Items to be completed Corporate-wide by 2019:

- ❖ **Upgrade lighting systems with efficient light sources, fixtures and controls that reduce lighting energy use at all facilities;**
- ❖ **Upgrade Heating and Cooling Systems:**
 - ❖ **Install highly efficient building equipment – boilers, chillers, and air conditioners. This will reduce our facilities energy consumption while maintaining our patients comfort and safety.**
 - ❖ **Upgrade facilities' Air Handling Unit (AHU) components and controls.**

CONEY ISLAND HOSPITAL ENERGY PROJECTS HIGHLIGHTS

- ❖ **With the new dual-fuel boilers in operations, Coney Island Hospital has successfully complied with the mandate to stop using #6 fuel oil by the end of this year, and is currently consuming natural gas and #2 fuel oil.**
- ❖ **The Windows and Boilers Replacement projects at Coney Island Hospital have resulted in the savings of \$1.5 million annually in energy costs, commencing FY 2013.**
- ❖ **Coney Island Hospital has reduced its Greenhouse Gas (GHG) emissions by more than 7,000 tons CO₂ per year beginning FY 2014. This is a 36% reduction in GHG emissions over the base year, FY 2006, for Coney Island Hospital.**

CONEY ISLAND HOSPITAL WINDOWS REPLACEMENT PROJECT MAIN BUILDING

- ❖ **Windows Replacement, Main Building: Completed June 2013, Project Cost \$10.9 million, Board Approved 07/21/2011**



CONEY ISLAND HOSPITAL THREE NEW 600-HP DUAL FUEL BOILERS

❖ **Boilers Replacement: Substantially Completed, Project Cost \$9.9 million, Board Approved dates 05/24/2012 & 06/27/2013.**



METROPOLITAN HOSPITAL CENTER COMPREHENSIVE ENERGY EFFICIENCY UPGRADE PROJECT (Construction-In-Progress)

- ❖ **Project Cost - \$34.3 million, Board Approved 06/27/2013, Targeted Completion date 12/31/2015.**
- ❖ **Project is 40% completed as of November 2014.**
- ❖ **Temporary boilers are on-line and operational.**
- ❖ **Demolition of existing boilers are in progress and are schedule to be completed by April 2015. The new dual-fuel boilers are expected to be on-site by March 2015.**
- ❖ **New lighting and lighting controls were completed for the facility's main building in October 2014.**
- ❖ **Facility will be on natural gas by the end of December 2014.**

METROPOLITAN HOSPITAL CENTER TEMPORARY BOILERS AND FUEL TANKS



ELMHURST HOSPITAL CENTER COMPREHENSIVE ENERGY EFFICIENCY UPGRADE PROJECT (Construction-In-Progress)

- ❖ **Project Cost: \$28.5 million; Board Approved 06/27/2013; Targeted Completion date 12/31/2015.**
- ❖ **Project is 45% completed as of November 2014.**
- ❖ **Temporary boilers are installed and operational.**
- ❖ **The 1st phase of demolishing two of four existing boilers is in progress.**
- ❖ **Two new dual-fuel boilers are scheduled for delivery by mid-December 2014 and are expected to be on-line by March 2015.**
- ❖ **Work on upgrading Radiation Control valves and replacing all steam traps throughout the facility was completed in September 2014.**

ELMHURST HOSPITAL CENTER TEMPORARY BOILER ON-SITE



Accelerated Conservation & Efficiency (ACE) Program Projects Either in Bid/Award or Design Phase

Woodhull Medical & Mental Health Center - \$9.4 million

Expected Construction Start Date 03/2015

- ❑ **Lighting & Vacancy Sensor Upgrades;**
- ❑ **Boiler Burner Replacement;**
- ❑ **Energy Management System (EMS) Upgrade;**
- ❑ **Steam Trap Upgrades.**

Kings County Hospital Center - \$12.7 million

Expected Construction Start Date 06/2015

- ❑ **Window Replacement – “ABC” Buildings;**
- ❑ **Boiler Burner Replacement;**
- ❑ **Lighting & Lighting Controls Upgrade – “ABC” & “T” Buildings;**
- ❑ **Campus High Efficiency Lighting.**

Harlem Hospital Center - \$10.6 million

Expected Construction Start Date 09/2015

- ❑ **Steam Trap Remediation;**
- ❑ **Upgrading of Air Handling Unit (AHU) Systems – MLK and Kountz Buildings;**
- ❑ **Upgrade Backpressure Steam Turbine Generator.**

NEXT STEPS FOR ENERGY MANAGEMENT PLAN

- ❖ **Establish a Corporate Energy Committee which will report to the Capital Committee every six (6) months.**
- ❖ **Implement Energy Conservation Measures [such as sub metering, lighting sensors, upgrade Building Management Systems (BMS)] to reduce energy consumption and GHG emissions.**
- ❖ **Conduct energy audits for each major facility, prioritizing “high energy users”.**
- ❖ **Improve energy efficiency training of equipment operators and maintenance staff. Training in a wide range of energy management courses will be provided by DCAS in partnership with City University of New York (CUNY).**
- ❖ **Corporate Energy Unit will update facility’s benchmarking and carbon emissions inventory annually.**
- ❖ **Promote Demand Response Program participation throughout the Corporation.**